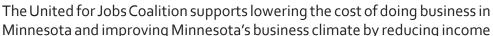
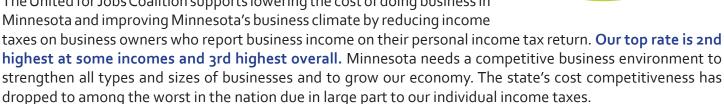
TAX RELIEF IN THE 2017 SESSION **COSTS MATTER**

Pass-through Business Income Tax







pay their business taxes through the individual income tax system.

The vast majority of businesses, including our smallest and newest businesses are sole proprietors, limited liability companies, partnerships and S-corporations. These businesses "pass through" business income to the owner's personal income tax return, making the personal income tax a key factor in state's business climate. Business passthrough income is taxed even if it is retained within the business for reinvestment. Studies have found that high

marginal income-tax rates have a detrimental impact on business investment decisions, entrepreneurial activities, and recruitment of talent – the very items needed for economic growth.

- Minnesota pass-through businesses pay marginal state and federal tax rates of nearly 50% which is 5th highest in the nation.
- Reducing taxes on business income would increase dollars available for reinvestment in their businesses and their employees, especially for small and midsized businesses with limited avenues to raise capital.
- In recent Minnesota Business Barometer Survey, 62% of respondents said high taxes in Minnesota are one of the two biggest barriers to job creation.
- Minnesota business tax climate has worsened due to 2013 income tax increases and now ranks 47th worst state in 2016 Small Business Tax Index and 46th worst Tax Foundation 2017 Business Tax Climate Index.
- Pass-through businesses are an important and growing part of economy as 54% of net business income is from passthrough businesses and 56% of private-sector workforce.



UNITED for Jobs

Urge Legislators and the Governor to support a meaningful tax reduction for pass-through entities. This will allow businesses to reinvest in their companies and employees, improve competitiveness, and help grow Minnesota jobs and our economy.

United for Jobs Coalition

Albert Lea-Freeborn County Chamber of Commerce

Apple Valley Chamber of Commerce

Associated Builders & Contractors

Austin Area Chamber of Commerce

Belle Plaine Chamber of Commerce

Bemidji Area Chamber of Commerce

Brainerd Lakes Chamber

Building Owners & Managers Association

(BOMA) Duluth

Building Owners & Managers Association

(BOMA) Greater Minneapolis

Building Owners & Managers Association

(BOMA) Greater St. Paul

Burnsville Chamber of Commerce

Central Minnesota Manufacturers Association

Cloquet Area Chamber of Commerce

Dakota County Regional Chamber of Commerce

Duluth Area Chamber of Commerce

Eden Prairie Chamber of Commerce

Elk River Area Chamber of Commerce

Faribault Area Chamber of Commerce & Tourism

Fergus Falls Area Chamber of Commerce

Grand Rapids Area Chamber of Commerce

Hastings Area Chamber of Commerce

& Tourism Bureau

Hibbing Area Chamber of Commerce

I-94 West Chamber of Commerce

Independent Community Bankers of Minnesota

Insurance Federation of Minnesota

International Falls Area Chamber of Commerce

Iron Mining Association of Minnesota

Lake City Chamber of Commerce

Laurentian Chamber of Commerce

LifeScience Allev

Litchfield Chamber of Commerce

Lonsdale Chamber of Commerce

Marshall Chamber of Commerce

Metalcasters of Minnesota

MetroNorth Chamber of Commerce

Midwest Food Processors Association

Minnesota Agri-Growth Council, Inc.

Minnesota Association of REALTORS

Minnesota Bankers Association

Minnesota Beverage Association

Minnesota Business Partnership

Minnesota Cable Communication Association

Minnesota Chamber of Commerce

Minnesota Dental Association

Minnesota Forest Industries

Minnesota Grocers Association

Minnesota Lodging Association

Minnesota Mechanical Contractors Association

Minnesota Milk Producers Association

Minnesota Nursery & Landscape Association

Minnesota Pork Producers Association

Minnesota Precision Manufacturers Assocation

Minnesota Resort and Campground Association

Minnesota Restaurant Association

Minnesota Retailers Association

Minnesota Shopping Center Association

Minnesota Society of CPAs

Minnesota Trucking Association

NAIOP, the Commercial Real Estate

Development Association

National Federation of Independent Business

New Ulm Area Chamber of Commerce

North Hennepin Area Chamber of Commerce

Owatonna Area Chamber of Commerce & Tourism

Printing Industry Midwest

Redwood Area Chamber & Tourism

Richfield Chamber of Commerce

River Heights Chamber of Commerce

Rochester Chamber of Commerce

St. Cloud Area Chamber of Commerce

Shakopee Chamber & Visitors Bureau

SouthWest Metro Chamber of Commerce

Tri-State Manufacturing Association

Twin Cities North Chamber of Commerce

TwinWest Chamber of Commerce

Waconia Chamber of Commerce

Waseca Area Chamber of Commerce

White Bear Area Chamber of Commerce

Willmar Lakes Area Chamber of Commerce

Winona Area Chamber of Commerce

Worthington Area Chamber of Commerce

Help us build grassroots support. Share how high pass-through income taxes impact your company. Contact Jennifer Byers to schedule a legislator plant tour and/or testimonial at 651.292.4673 or jbyers@mnchamber.com.